Basic information

2012/2089(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the footwear industry in Spain **Subject** 3.40.10 Textile and clothing industry, leathers 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets **Geographical area** Spain	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	GARRIGA POLLEDO Salvador (PPE)	10/05/2012
	Shadow rapporteur PICKART ALVARO Alexander Nuno (ALDE)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
REGI Regional Development	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Justice and Home Affairs (JHA)	3172	2012-06-08

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
04/05/2012	Non-legislative basic document published	COM(2012)0204	Summary
10/05/2012	Committee referral announced in Parliament		
31/05/2012	Vote in committee		
05/06/2012	Budgetary report tabled for plenary	A7-0189/2012	Summary
08/06/2012	Draft budget approved by Council		
12/06/2012	Decision by Parliament	T7-0231/2012	Summary
12/06/2012	Results of vote in Parliament		
12/06/2012	End of procedure in Parliament		
04/07/2012	Final act published in Official Journal		

Technical information

Procedure reference	2012/2089(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/09478

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE489.507	14/05/2012	
Amendments tabled in committee		PE489.583	23/05/2012	
Budgetary report tabled for plenary, 1st reading		A7-0189/2012	05/06/2012	Summary
Budgetary text adopted by Parliament		T7-0231/2012	12/06/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0204	04/05/2012	Summary

Additional information

Source	Document	Date

European Commission	EUR-Lex	

Final act	
Decision 2012/0354 OJ L 174 04.07.2012, p. 0023	Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the footwear industry in Spain

2012/2089(BUD) - 04/05/2012 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the footwear industry in Spain.

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: the European Globalisation Adjustment Fund (EGF) was established by Council Regulation No 1927/2006 to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market.

The Interinstitutional Agreement of 17 May 2006 on budgetary discipline allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The Commission services have carried out a thorough examination of the application submitted by Spain to mobilise the EGF. The main elements of the assessment are as follows:

Spain: application EGF/2011/020 ES/Comunidad Valenciana – Footwear from Spain: on 28 December 2011, Spain submitted application EGF/2011/020 ES/Comunidad Valenciana Footwear for a financial contribution from the EGF, following redundancies in 146 enterprises operating in the NACE Revision 2 Division 15 ('Manufacture of leather and related products') in the NUTS II region of Comunidad Valenciana (ES52) in Spain. The application was supplemented by additional information up to 23 February 2012

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, the application describes the redundancies in the Comunidad Valenciana region against a background of radical change in the distribution of footwear production. Spain argues that according to available data imports of footwear from non-EU countries into the EU increased almost 6 % during the period 2006-2009 while EU exports declined by 16.4 % during the same period. As a direct consequence of the fall in exports the number of footwear producers in EU-27 decreased: in 2008 there were only 24 000 producers in the EU while in 2005 there were still 27 125. This reduction (11.58 %) in the number of firms had a direct impact on employment: 78 800 direct jobs -- representing almost 20 % of the total -- were lost in the sector during the period 2005-2008. The imports of footwear in Spain also followed an upward trend, growing by almost 20% during the period 2006-2010. However, the impact of the imbalance between imports and exports in the Spanish footwear industry was bigger than in the EU as a whole: the number of manufacturers decreased by 35.96 % during 2006-2010 (or 24.27 % if we consider only the period 2006-2009), as the number of firms fell from 2 283 to 1 462. Employment therefore contracted by 31.80 % and 10 663 direct jobs were lost during the same period.

The Spanish redundancies also follow the general trend in the footwear industry in the EU towards delocalisation to lower-cost non-EU countries of most of manufacturing sub-processes, keeping within the EU only the higher-value tasks such as product design and product marketing.

Spain submitted this application under the intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a nine-month period in enterprises operating in the same NACE Revision 2 Division in one region or two contiguous regions at NUTS II level in a Member State.

The application cites 876 redundancies in 146 enterprises operating in the NACE Revision 2 Division 15 ('Manufacture of leather and related products') in the NUTS II region of Comunidad Valenciana (ES52) during the nine-month reference period from 25 January 2011 to 25 October 2011.

After a thorough examination of this application, the Commission has concluded in accordance with Article 10 of Regulation (EC) No 1927/2006 that the conditions for a financial contribution under this Regulation are met.

On the basis of the application from Spain, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is **EUR 1 631 565**, representing 65 % of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATIONS: considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount referred to above, to be allocated under heading 1a of the financial framework.

The proposed amount of financial contribution will leave more than 25 % of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified trialogue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the EGF and the amount required. The Commission invites the first of the two arms of the budgetary authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions. In case of disagreement by either of the two arms of the budgetary authority, a formal trialogue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2012 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

Appropriations from the EGF budget line will be used to cover the amount of EUR 1 631 565 needed for the present application.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the footwear industry in Spain

2012/2089(BUD) - 05/06/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report drafted by Salvador GARRIGA POLLEDO (PPE, ES) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund to provide the amount of **EUR 1 631 565** in commitment and payment appropriations to assist Spain in respect of redundancies in the footwear industry.

Members recall that the European Union set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade and to assist their reintegration into the labour market. Given that Spain requested assistance for 876 redundancies, all targeted for assistance, in 146 enterprises operating in the NACE Revision 2 Division 15 ('Manufacture of leather and related products')1 in the NUTS II region of Comunidad Valenciana (ES52), Members call on the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF for the requested amount given that the Commission agrees that the conditions set out in Article 2(b) of the EGF Regulation are met. **Spain is, therefore, entitled to a financial contribution under that Regulation**.

Members note that the footwear sector represented 26% of the total employment in the region of Comunidad Valenciana and therefore was an important contributor to local economy, which is dominated by small and medium-sized enterprises in traditional sectors like textile, shoes and ceramics. They state that the region of Comunidad Valenciana has been hit in the past by **four mass dismissals** and welcomes the fact that the region decided to use the EGF support to address those redundancies: EGF/2009/014, EGF/2010/005, EGF/2010/009, EGF/2011/006.

In order to provide workers with speedy assistance, the Spanish authorities decided to start the implementation of the measures ahead of the final decision on granting the EGF support for the proposed coordinated package.

They also note: (i) the importance of improving the employability of such workers by means of adapted training and recognition of skills and competences; (ii) that the training measures target high-added value jobs in the footwear sector; (ii) the fact that the social partners were consulted on the contents of the coordinated package, allocation of roles and distribution and scheduling of tasks.

The report highlights the fact that lessons should be learned from the preparation and implementation of this and other applications addressing mass dismissals in a high number of SMEs in one sector, in particular in **terms of the eligibility of self-employed and owners of the SMEs for EGF support** in the future regulation and the arrangements used by the regions and the Member States to come up quickly with sectoral applications covering a large number of enterprises.

In the process, Members reiterate their traditional position for the handling a case of this nature:

- their satisfaction with the improvement of the procedure established by the Commission, following Parliament's request for accelerating the release of grants;
- the need to achieve further improvements in the procedure to be integrated in new Regulation on the European Globalisation Adjustment Fund (2014–2020) and for greater efficiency, transparency and visibility of the EGF to be achieved;
- that the EGF assistance can co-finance only active labour market measures which lead to long-term employment;
- that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors. It deplores the fact that the EGF might provide an incentive for companies to replace their contractual workforce with a more flexible and short-term one;
- the fact that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds;
- the need to obtain a comparative evaluation of those data in its annual reports.

Members welcome the fact that following repeated requests from Parliament, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01. They recall that the EGF was created as a separate specific instrument with its own objectives and deadlines and that it

therefore deserves a dedicated allocation, which will avoid there being transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF. Members regret the **decision of the Council to block the extension of the "crisis derogation", allowing the increase in the rate of Union cofinancing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline**, and call on the Council to reintroduce this measure without delay.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the footwear industry in Spain

2012/2089(BUD) - 12/06/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 542 votes to 66, with 22 abstentions, a resolution approving the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund to provide the amount of **EUR 1 631 565** in commitment and payment appropriations to **assist Spain in respect of redundancies in the footwear industry**.

Parliament recalls that the European Union set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade and to assist their reintegration into the labour market. Given that Spain requested assistance for 876 redundancies, all targeted for assistance, in 146 enterprises operating in the NACE Revision 2 Division 15 ('Manufacture of leather and related products') in the NUTS II region of Comunidad Valenciana (ES52), Parliament calls on the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF for the requested amount given that the Commission agrees that the conditions set out in Article 2(b) of the EGF Regulation are met. **Spain is, therefore, entitled to a financial contribution under that Regulation**.

Parliament notes that the footwear sector represented 26% of the total employment in the region of Comunidad Valenciana and therefore was an important contributor to local economy, which is dominated by small and medium-sized enterprises in traditional sectors like textile, shoes and ceramics. It states that the region of Comunidad Valenciana has been hit in the past by **four mass dismissals** and welcomes the fact that the region decided to use the EGF support to address those redundancies: EGF/2009/014, EGF/2010/005, EGF/2010/009, EGF/2011/006.

In order to provide workers with speedy assistance, the Spanish authorities decided to start the implementation of the measures ahead of the final decision on granting the EGF support for the proposed coordinated package.

Parliament also notes: (i) the importance of improving the employability of such workers by means of adapted training and recognition of skills and competences; (ii) that the training measures target high-added value jobs in the footwear sector; (ii) the fact that the social partners were consulted on the contents of the coordinated package, allocation of roles and distribution and scheduling of tasks.

The resolution highlights the fact that lessons should be learned from the preparation and implementation of this and other applications addressing mass dismissals in a high number of SMEs in one sector, in particular in **terms of the eligibility of self-employed and owners of the SMEs for EGF support** in the future regulation and the arrangements used by the regions and the Member States to come up quickly with sectoral applications covering a large number of enterprises.

In the process, Parliament expresses:

- its satisfaction with the improvement of the procedure established by the Commission, following Parliament's request for accelerating the release of grants;
- the need to achieve further improvements in the procedure to be integrated in new Regulation on the European Globalisation Adjustment Fund (2014–2020) and for greater efficiency, transparency and visibility of the EGF to be achieved;
- that the EGF assistance can co-finance only active labour market measures which lead to long-term employment.

It also requests that:

- assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors. It deplores the fact that the EGF might provide an incentive for companies to replace their contractual workforce with a more flexible and short-term one;
- the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds;
- there is a need to obtain a comparative evaluation of those data in its annual reports.

Parliament welcomes the fact that following repeated requests from Parliament, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01. It recalls that the EGF was created as a separate specific instrument with its own objectives and deadlines and that it therefore deserves a dedicated allocation, which will avoid there being transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF. Members regret the **decision of the Council to block the extension of the "crisis derogation", allowing the increase in the rate of Union cofinancing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline**, and calls on the Council to reintroduce this measure without delay.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the footwear industry in Spain

2012/2089(BUD) - 13/06/2012 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF), providing support for redundancies in the Spanish footwear industry.

NON LEGISLATIVE ACT: Decision 2012/354/EU of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2011/020 ES/Comunidad Valenciana footwear from Spain)

CONTENT: with this Decision, the European Parliament and the Council decided to mobilise the EGF in sum of **EUR 1 631 565** in commitment and payment appropriations for the general budget of the European Union for the financial year 2012.

This sum is intended to come to the aid of Spain in respect of redundancies in 146 enterprises operating in the NACE Revision 2 Division 15 (‘Manufacture of leather and related products’) in the NUTS II region of Comunidad Valenciana (ES52).

This application complies with the requirements for determining the financial contributions as laid down in Regulation (EC) No 1927/2006 (Regulation EGF) and the European Parliament and Council decided to grant the request.

It is recalled that the European Globalisation Adjustment Fund (EGF) was established to provide additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation and to assist them with their reintegration into the labour market. The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million. The scope of the EGF was broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a direct result of the global financial and economic crisis.